

# VoIP: High-Speed Internet Phone Calls

## What is VoIP?

Voice over Internet Protocol (VoIP) is a new and changing technology that allows voice communications to travel over the Internet via a high-speed connection rather than the traditional telephone network.

VoIP – also commonly referred to as Internet Phone, Internet Telephony, and Broadband Phone – uses computer equipment and software to enable people to use a broadband Internet connection as the transmission medium for telephone calls.

VoIP typically allows a user to be assigned a standard telephone number and then connect with any other standard phone number regardless of whether the person being called uses VoIP or traditional telephone service. This requires that you receive service from a VoIP provider that will provide a connection between your Internet-based calls and the traditional telephone network.

Some VoIP services may only allow the user to call other users of the same service. For this and other reasons, it is very important to fully research and understand any VoIP option and contract before signing up.

## How it Works

To use VoIP, you must have a high-speed connection to the Internet and use an adaptor to convert your voice into the same type of data transmission packets used to send an e-mail. These packets travel through the Internet and are re-assembled on the other end as your voice. Your phone is hooked up to the adaptor which is then connected, either directly or through your computer, to your high-speed modem. You can use either the “normal” touchtone phone you currently use on the standard telephone network or a specialized Internet Protocol (IP) phone that provides direct access to any number of features made possible by using VoIP.

## Pros and Cons

Listed below are some of the general pros and cons of VoIP. It is important to keep in mind that VoIP for residential and small business consumers is relatively new. The technology continues to evolve, as do the federal and state policies regarding VoIP and traditional phone service. As a result, the advantages and disadvantages are likely to change as well.

**As with all telecommunications services, the OUCC urges consumers to carefully research and thoroughly understand all the terms of any VoIP service agreement before they contract for service from a VoIP provider.**

## VoIP Advantages

*Cost Savings* - Most VoIP providers have a monthly service charge ranging from \$20-\$40 with unlimited local and long distance minutes. The resulting savings for heavy long-distance users can be substantial.

*Enhanced Phone Features* - Most VoIP providers offer the same features available through traditional phone service (Caller ID, Call Waiting, etc.) plus many features that are not available on standard phone service (voice activated dialing, video conferencing, voice mails in written form, spoken e-mails, etc.).

*Number and Location* - VoIP subscribers can have numbers from different states. For example, you can live in Indiana but have an Illinois or Ohio number.

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*Travel With Your Home or Office Phone Number* - You can use your VoIP adaptor anywhere you have access to a high-speed Internet connection. For example, if you live in Indiana and travel to New York, you can use your VoIP adaptor in New York to make and receive calls with your same telephone number, just as if you were at home or in the office.

**Taxes and Fees** - VoIP is currently subject to fewer taxes and regulatory fees than standard phone service. However, this difference may change as federal and state policies continue to evolve with the technology and the movement toward a more competitive telecommunications market.

### **VoIP Disadvantages**

*No High-Speed Internet Connection, No Internet Phone Service* - You must have a high speed Internet connection (DSL, Cable modem, T-1, etc.).

*911 Issues* - Unlike most traditional telephone networks, a call to 911 through most VoIP service providers will not be able to automatically provide the emergency response center with your name and the location from which you are calling. A recent FCC ruling will require VoIP services to provide 911 by November 28, 2005. The OUCS recommends that consumers check the status of 911 services with VoIP providers before entering into a contract.

*Lose Your Power, Lose Your Service* - Unless you have some type of backup power for your high-speed modem, you will lose all Internet phone services if you lose power.

*Keeping Your Current Phone Number* - VoIP customers may not be able to keep their current numbers when switching from standard phone service to VoIP.

*Directory Service* – If you switch from traditional telephone service to VoIP, your new number will likely not be in the telephone directory or available from directory assistance. Also, you may no longer be able to receive free phone directories from the local service provider.

*Calling 900 Numbers* - VoIP customers are generally not able to dial 900 or 10-10 numbers, or receive collect calls.

### **Consumer Concerns**

VoIP service providers operate in a competitive environment under minimal regulation, much like providers of cellular/wireless phone service. The Federal Communications Commission (FCC) retains primary jurisdiction over the regulated aspects of VoIP services.

Consumers with questions or complaints about VoIP service should contact their service providers. If the provider cannot resolve the matter, the consumer should direct the concern to a local Better Business Bureau (BBB), the Federal Communications Commission (FCC) or the Indiana Attorney General's office (if it is a matter of consumer fraud). The OUCS invites consumers to make our office aware of their VoIP provider concerns for our general information.

The Indiana Office of Utility Consumer Counselor (OUCS) is the state agency representing the interests of utility consumers and the general public in matters related to the provision of utility services. The OUCS is active in proceedings before regulatory and legal bodies and is committed to giving consumers a voice in the creation of utility service policy.

OpenLines publications are produced by the OUCS to educate consumers on their rights and responsibilities regarding utility services. Fact sheets on many telecommunications and other utility topics are available free of charge. All OpenLines publications, including a comprehensive telecommunications consumer handbook, are available on the OUCS Web site or by calling the OUCS Consumer Services Staff.



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